

## New low-interest loan program aims to help small businesses

Written by By Holly J. Wagner Sun Correspondent  
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The Northwest New Mexico Council of Governments is looking for a few good businesses – that need a little boost to thrive and grow.

NWNMCOG has opened a new Enterprise Loan Fund to help small businesses get the capital they need with lower interest rates and longer repayment terms than traditional loans.

The fund is built on a \$900,000 grant from the U.S. Economic Development Administration and will make loans of \$20,000 to \$100,000 to small businesses that can show they have been in business for at least two years, are stable and have a strong management structure.

Business owners must be able to put up 10 percent of the loan amount toward the project. Loan interest rates will start at 5 percent. There is a \$250 application fee for a loan, to be subtracted from closing costs, or partially refundable if the application is rejected.

The program has been in soft launch since late January, said Economic Development Manager Michael Sage.

“What that consists of is targeted outreach with stakeholders in the region, primarily financial institutions, those entities that work with small businesses,” he said, including economic

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development corporations, commercial lending banks and technical assistance providers. “We wanted to touch base with them first because we know they already have a portfolio of small businesses they are working with.”

The amount a business can borrow is subject to NWNMCOG underwriting standards and available capital. “One of the things that makes the program unique is that we do all our underwriting internally,” Sage said.

Businesses in Cibola, McKinley, and San Juan counties are eligible, with a focus on “flexible and patient” expansion loans to small businesses in northwest New Mexico. The program is open to qualified, existing businesses in operation for at least two years, and subject to the U.S. Small Business Administration size standards by industry (determined by NAICS).

Speculative real estate investment or research and development projects, non-profits and financing entities are not eligible, Sage said, because the EDC wants to avoid the complexity and potential pitfalls of speculation and startups.

The loans are not meant to replace bank loans, but to complement them.

“We’re trying to partner with existing institutions in the Four Corners area to make loans to small businesses,” Sage said. “We’re not trying to compete with banks, we want to partner with banks on deals that are marginal or on the bubble, that maybe have strong cash flow, strong management but maybe have a blemish or a low credit score, or some collateral weakness.”

“Ultimately what we want to do is move this \$900,000 out into the region to demonstrate that there is a need and that the Council of Governments has the capacity to administer this loan program,” Sage said.

NWNMCOG wants to build the loan fund with grants and other funding, and hopes to leverage a minimum of two private dollars for each ELF dollar in the fund.

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“We want to grow this loan portfolio, be able to go to philanthropic and nonprofit institutions with a track record of success to request additional capitalization to provide capital to businesses in Northwestern New Mexico,” Sage said.

Business owners interested in applying for the loans may contact Sage for details at [msage@nwmcog.org](mailto:msage@nwmcog.org) or by calling (505) 722-4327.

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